

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 IO-14

CEA-02 STR-08 DOTE-00 SPM-01 HEW-08 DRC-01 /210 W

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R 191035Z APR 74

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC 8622

INFO AMEMBASSY BANGKOK

AMEMBASSY MANILA

AMEMBASSY TOKYO

AMEMBASSY SAIGON

AMEMBASSY PARIS

AMEMBASSY BONN

C O N F I D E N T I A L VIENTIANE 3149

E.O. 11652: GDS

TAGS: PINT, ECON, EAID, LA

SUBJECT: LPF INFLUENCE ON RLG RELATIONSHIP WITH INTERNATIONAL
ECONOMIC ORGANIZATIONS

SUMMARY: WITH THE ESTABLISHMENT OF NEW PGNU, RLG REPRESENTATION
IN CERTAIN INTERNATIONAL ORGANIZATIONS WILL BE AFFECTED, AND,
IN ADDITION, RLG RELATIONSHIP WITH INTERNATIONAL ORGANIZATIONS
MAY CHANGE. AT THE SAME TIME THE PRAGMATIC APPROACH SHOWN BY LPF
SO FAR AND REPEATED EARLIER STATEMENTS BY THE LPF LEADERSHIP --
THAT THEY RECOGNIZE THE NEED FOR CONTINUING STABILIZATION
ASSISTANCE WHICH IS PROVIDED MULTILATERALLY BY THE FEOF DONOR
GROUP -- SUGGESTS THAT NO DRASTIC DEPARTURES SHOULD BE EXPECTED,
AT LEAST IN THE SHORT RUN. END SUMMARY

1. FORMATION OF NEW LAO COALITION GOVERNMENT (PGNU) INTRODUCES
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LPF INFLUENCE BOTH IN CABINET DELIBERATIONS AND IN INDIVIDUAL

MINISTRIES, PARTICULARLY IN THOSE HEADED BY LPF (INCLUDING FOREIGN AFFAIRS, ECONOMY AND PLAN, AND PUBLIC WORKS). THIS INFLUENCE WILL BEAR ON RLG RELATIONS WITH AND PARTICIPATION IN, VARIOUS INTERNATIONAL ORGANIZATIONS DEALING WITH ECONOMIC MATTERS. CHANGES WILL PROBABLY BE GRADUAL AND MODERATED BY REQUIREMENTS FOR UNANIMITY WHICH PROTOCOL LIBERALLY SPRINKLED THROUGHOUT PGNU DECISION-MAKING PROCESS. MOREOVER, LPF HAVE SHOWN PRAGMATIC APPRECIATION FOR FOREIGN AID AND THEIR LEADERS HAVE ACKNOWLEDGED THE NEED FOR CONTINUING STABILIZATION ASSISTANCE WHICH IS PROVIDED MULTILATERALLY BY THE FEOF DONOR GROUP.

2. ACCORDINGLY, WE DO NOT ENVISAGE AT THIS TIME ANY CHANGE IN RLG ATTITUDE TOWARD IBRD, ADB, AND ECAFE. RELATIONS WITH IBRD MIGHT REMAIN COOL; BUT IF PROSPECTIVE IBRD MISSION PREPARES THE GROUND FOR GREATER FOREIGN ASSISTANCE, RELATIONS MIGHT IMPROVE. INTERDEPENDENCE BETWEEN IBRD AND IMF ASSESSMENT OF A COUNTRY'S ECONOMIC PERFORMANCE WOULD SUGGEST THAT IMF COUNSEL WILL CONTINUE TO BE HEEDED, PARTICULARLY SINCE FEOF DONORS AND RLG HAVE IN THE PAST RELIED HEAVILY ON IMF EXPERT ADVICE. AT THE SAME TIME, LPF MIGHT ADVOCATE VIEW THAT CONTINUED PRESENCE OF IMF RESIDENT REPRESENTATIVE REPRESENTS AN UNDUE INTERFERENCE WITH THE FORMULATION AND IMPLEMENTATION OF THE GOVERNMENT'S FISCAL AND MONETARY POLICIES.

3. IT IS ALSO POSSIBLE THAT LPF -- REFLECTING MULTILATERAL ASSISTANCE -- MIGHT TAKE MORE RESERVED ATTITUDE TOWARD MULTILATERAL INSTITUTIONS AND INSIST ON A CAREFUL SCREENING AND COORDINATION OF NEW ASSISTANCE. THIS WOULD ALSO APPLY TO NEW PROJECTS BY UNDP AND OTHER UN AGENCIES.

4. WITH LPF MINISTERS HEADING FOREIGN AFFAIRS, PLAND AND ECONOMY, AND PUBLIC WORKS, THE POLITICAL IMPLICATIONS OF PGNU PARTICIPATING IN CERTAIN INTERNATIONAL BODIES MAY RECEIVE CAREFUL SCRUTINY. THIS MIGHT APPLY PARTICULARLY TO CONTINUED MEMBERSHIP IN THE MEKONG COORDINATION COMMITTEE WHERE KHMER REPUBLIC AND REPUBLIC OF VIETNAM ARE ALSO REPRESENTED, AND THE PROPOSED OVERALL INDOCHINA DONOR GROUP OF WHICH LAOS WOULD BE A SUBGROUP.

5. FOLLOWING INSTANCES INDICATE THAT AS OF NOW PGNU APPEARS
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ANXIOUS TO MAINTAIN CONTINUITY AND NOT TO "ROCK THE BOAT" OF
EXTERNAL ASSISTANCE:

A. THE WEST GERMAN LOAN AGREEMENT CONCERNING NAM NGUM PHASE II
WAS SIGNED APRIL 11 BY THE WEST GERMAN AMBASSADOR AND THE RLG
MINISTER OF FOREIGN AFFAIRS, PHOUMI VONGVICHIT.

B. ADDITIONALLY, A CABINET DECISION ON APRIL 10 APPROVED MEMBERS

OF THE RLG DELEGATION TO THE ADB MEETING IN MANILA FOLLOWING PREVIOUS DELEGATION PATTERNS. (DR. PANE OF MINISTRY OF PLAN AS CHAIRMAN; HOUANE LIANMONGKHOL OF MINISTRY OF FINANCE; DIRECTOR-GENERAL KHAM SING AND SOMDETH OF EDL.) IT IS OUR UNDERSTANDING THAT PANE MAY INITIAL THE FUND AGREEMENT FOR THE RLG.

C. THE ARRETE CREATING THE INTER-MINISTERIAL COMMISSION FOR NAM NGUM PHASE II HAS BEEN SENT TO THE PRIME MINISTER'S OFFICE FOR SIGNATURE WITHOUT CHANGE IN MEMBERSHIP. WE FORESEE NO REPEAT NO PROBLEM WITH NAM NGUM II NEGOTIATIONS.

6. PRESENT REPRESENTATION FROM THE RLG TO SPECIFIC INTERNATIONAL ORGANIZATIONS IS AS FOLLOWS:

A. ASIAN DEVELOPMENT BANK (ADB): MINISTER OF FINANCE, GOVERNOR OF THE NATIONAL BANK.

B. WORLD BANK (IBRD): SAME AS "A".

C. INTERNATIONAL MONETARY FUND (IMF): SAME AS "A".

D. MEKONG COORDINATING COMMITTEE (MCC): PRIME MINISTER'S OFFICE DELEGATED HOUMPHAN SAIGNISITH, PERMANENT REPRESENTATIVE.

E. COORDINATING COMMITTEE OF SOUTHEAST ASIAN SENIOR OFFICIALS IN TRANSPORTATION AND COMMUNICATIONS (COORDCOM): MINISTER OF PUBLIC WORKS AND TRANSPORTATION, DIRECTOR-GENERAL, DIRECTOR OF ROADS AND BRIDGES.

F. SOUTHEAST ASIAN REGIONAL ORGANIZATION FOR TRANSPORTATION AND COMMUNICATIONS (SEATTAC): SAME AS "E".

G. SOUTHEAST ASIAN MINISTERS OF EDUCATION
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